

Message Text

LIMITED OFFICIAL USE

PAGE 01 CONAKR 01617 131302Z

53

ACTION EB-07

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 L-03 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 FEAE-00

OES-06 ERDA-05 /087 W

----- 114820

R 131241Z AUG 76

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 2211

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY TUNIS

LIMITED OFFICIAL USE CONAKRY 1617

E.O. 11652: N/A

TAGS: ENRG EINV BEVP GV US

SUBJECT: SOGUIP/BUTTES RESOURCES INTERNATIONAL CONTRACT EXTENSION

REF: (A) CONAKRY 1194, (B) BELGRADE 4919

1. BEGIN SUMMARY. SOGUIP (SOCIETE-GUINEENE DE PETROLE) BOARD MEETING AUGUST 10 APPROVED TWO YEAR CONTRACT EXTENSION TO BUTTES RESOURCES INTERNATIONAL FOR DRILLING OF FIRST GUINEA OFFSHORE WELL. BUTTES 25 YEAR OPTION ON TWO 5,000 SQUARE KILOMETER TRACTS HAD BEEN CONTINGENT UPON START OF DRILLING PRIOR MARCH 17, 1976. FINANCING DIFFICULTIES (ESTIMATED COST PER HOLD USD 5 MILLION) DELAYED DRILLING START PAST DEADLINE. NAFTAGAS OF YUGOSLAVIA HAS JOINED COMPANY AND BUTTES IS SEEKING OTHER WEST EUROPEAN PARTNERS. END SUMMARY.

2. TIMELY ANNOUNCEMENT OF NAFTAGAS AFFILIATION PRIOR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CONAKR 01617 131302Z

TO SOGUIP BOARD MEETING SMOOTHED WAY FOR BUTTES CONTRACT

RENEWAL. GOG HAS BEEN DISPLEASED BY DRILLING DELAY AND BY MISLEADING BUTTES STATEMENTS AS TO WHEN PLATFORM EXPECTED TO ARRIVE. NEVERTHELESS GOG AGREED TO EXTENSION IN VIEW OF BUTTES' SUCCESS IN RECRUITING NAFTAGAS AND RECOGNITION OF TIME AND INVESTMENT GOG AND U.S. PARTNERS HAVE PUT IN PROJECT.

3. BUTTES BELIEVES DIFFICULTIES TO DATE IN RECRUITING PARTNERS PARTIALLY STEMMED FROM SPECULATION ON PART OF OTHER FIRMS AS TO BUTTES' DURABILITY IN GUINEA. BUTTES BELIEVES AT LEAST TWO FIRMS DECLINED PARTICIPATION OFFER IN ORDER TO PROMOTE NON-RENEWAL BUTTES CONTRACT WITH EYE TO REPLACING BUTTES.

4. BUTTES BELIEVES NAFTAGAS PARTICIPATION AND CONTRACT EXTENSION WILL END SPECULATION. NAFTAGAS WILL TAKE 20 PERCENT OF FINANCIAL COST FOR 10.2 PERCENT OF SHARES. BUTTES SOLD SHARES TO NAFTAGAS FROM ITS TOTAL OF 49 PERCENT OF SHARES AND 100 PERCENT OF FINANCING COSTS.

5. BUTTES NOW HOPES TO PLACE AT LEAST 40 PERCENT MORE OF COST AND 20.4 PERCENT OF SHARES.

6. POTENTIAL TAKERS OF ADDITIONAL SHARES INCLUDE ELF-ERAP (FRANCE) AND DEMINEX (WEST GERMANY). FRENCH AMBASSADOR PUSHING GOF (70 PERCENT INTEREST IN ELF-ERAP) TO PARTICIPATE AS POLITICAL EXPRESSION FRENCH-GUINEA DETENTE. BUTTES PLANS TALKS WITH BOTH FRENCH AND WEST GERMANS.

7. BUTTES FEELS IT NOW IN POSITION TO GIVE FULL FOCUS OF ATTENTION TO GUINEA PROJECT. PREVIOUS DISTRACTIONS INCLUDED DRILLING COMMITMENTS IN TUNISIA AND YUGOSLAVIA. THESE OBLIGATIONS NOW DISCHARGED REDUCING COMPETITION FOR FINANCING. GUINEA IS NOW BUTTES' ONLY ACTIVE COMMITMENT. NEVERTHELESS BUTTES WILL NOT GIVE FIRM DATE FOR DRILLING START.
HARROP

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, FOREIGN INVESTMENT, EXPLORATORY DRILLING, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CONAKR01617
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760312-0052
From: CONAKRY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760857/aaaabxbo.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CONAKRY 1194, 76 BELGRADE 4919
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 20 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 APR 2004 by BoyleJA>; APPROVED <23 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOGUIP/BUTTES RESOURCES INTERNATIONAL CONTRACT EXTENSION
TAGS: ENRG, EINV, BEXP, GV, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006